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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-17028
July 20, 2006**

R E S O L U T I O N

Resolution T-17028. Approval of the California High Cost Fund-B (CHCF-B) Administrative Committee (AC) Expense Budget for July 1, 2007 Through June 30, 2008 to Comply with the Requirements of Public Utilities Code Section 270 (A).

Summary

This resolution adopts an expense budget of \$ 435.979 million for Fiscal Year (FY) 2007-08 for the California High Cost Fund-B (CHCF-B) program.

Background

In Decision (D) 96-10-066, the Commission established the CHCF-B program to provide universal service subsidy support in the high cost areas of AT&T (formerly SBC California), Verizon of California (formerly GTE California and Contel California), Surewest Telephone (formerly Roseville Telephone Company) , Frontier Communications (formerly Citizens Telecommunications Company of California), and new carriers that become Carriers of Last Resort (COLR).

In October 1999, PU Code § 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). § 270(b) requires that the monies in the CHCF-B and five other funds may only be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act.

On May 26, 2006, in compliance with Paragraph 4.a.1 of the CHCF-B Administrative Committee (AC) Charter, the Chairperson of the CHCF-B Administrative Committee (AC) submitted, to the Director of the Telecommunications Division (TD), an expense

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budget for Fiscal Year (FY) 2007-08 (July 1, 2007 to June 30, 2008) in the amount of \$435.583 million. The Chairperson's request was made in his personal capacity since the CHCF-B AC was unable to vote on this item for lack of a quorum of members without a conflict of interest.

Notice/Protests

Notice of the CHCF-B AC Chairperson's expense budget letter was published in the Commission Daily Calendar on June 9, 2006.

The Commission did not receive any protests or comments on this matter.

Discussion

Appendix A.1 displays the adopted FY 2004-05 and FY 2005-06 budgets. At the time of this budget resolution, actual FY 2005-06 expenses were not available.

The itemized costs of this budget are attached as Appendix A.1 and are summarized below:

<i>Description</i>	<i>FY 2007-08 Proposed Budget (\$ million)</i>	<i>FY 2007-08 Adopted Budget (\$ million)</i>
Program Costs	\$ 433.580	\$ 433.580
Committee Costs	\$ 0.008	\$ 0.008
All other Costs	\$ 2.391	\$ 2.391
Total Program Budget	\$ 435.979	\$ 435.979

In this Resolution, the Commission adopts the CHCF-B expense budget for FY 2007-08 in the amount of \$ 435.979 million.¹

Comments

In compliance with PU Code § 311 (g), a notice letter was e-mailed on June 20, 2006 to the CHCF-B claimants, the CHCF-B AC, and the parties on the service list of R.95-01-020/I.95-01-021 informing these parties that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov/>

¹ This budget is based on the current program structure being applicable to FY 2007-08.

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and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolution at the same website.

TD did not receive any comments on this resolution.

Findings

1. In October 1999, Public Utilities Code (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669.
2. PU Code § 270(b) requires that the monies in California High Cost Fund-B (CHCF-B) Administrative Committee (AC) Fund may only be disbursed pursuant to § 270-281 and upon appropriation in the annual Budget Act.
3. On May 26, 2006, the Chairperson of the California High Cost Fund – B AC, in his personal capacity, filed a CHCF-B AC Fund expense budget of \$435.583 million for July 1, 2007 through June 30, 2008. This budget was not voted on by the CHCF-B AC for lack of a quorum of members without a conflict of interest.
4. The proposed Expense Budget for the CHCF-B AC Fund for Fiscal Year 2007-08 of \$435.979 million, as set forth in Appendix A.1 of this resolution, is reasonable and should be adopted.
5. Copies of the notice letter advising parties of the availability of this draft resolution and the conformed resolution, when adopted by the Commission on the Commission's web site were e-mailed to the CHCF-B claimants, the CHCF-B AC, and the parties on the service list of R.95-01-020/I.95-01-021, on June 20, 2006.
6. TD did not receive any comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The expense budget for the California High Cost Fund-B Administrative Committee Fund for Fiscal Year 2007-08 of \$435.979 million, as set forth in Appendix A.1 of this resolution, is adopted.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 20, 2006. The following Commissioners approved it:

STEVE LARSON
Executive Director

APPENDIX A.1
CALIFORNIA HIGH COST FUND B ADMINISTRATIVE COMMITTEE FUND
PROGRAM BUDGETS
All Amounts in (\$000)

Program Expenses	July 2006 - June 2007	July 2007 - June 2008	July 2007 - June 2008
	Adopted per Res T-16995	Proposed	Adopted
a	b	c	d
<u>Expenses</u>			
Program Costs			
1 Carrier Claim Payments (Current) ¹	\$ 431,000	\$ 432,000	\$ 432,000
2 Carrier Claims for prior years			
3 Interest for Untimely Payments	\$ 1,000	\$ 1,000	\$ 1,000
4 Other Program Services			
5 Other Legislative Mandated Programs/Other Program Payments			
6 Audits	\$ 665	\$ 500	\$ 500
7 Banking Fees ²	\$ 20	\$ 30	\$ 30
8 Data Processing Automation ³	\$ 50	\$ 50	\$ 50
Administrative Committee Costs ⁴			
9 Administrative Committee-Per Diem	\$ 2	\$ 2	\$ 2
10 Administrative Committee-Travel and Others	\$ 4	\$ 4	\$ 4
11 Administrative Committee-Special Needs Accommodation and Teleconferencing	\$ 2	\$ 2	\$ 2
PUC Staff and Admin Costs			
12 Inter-Agency Fee ⁵	\$ 1,245	\$ 1,797	\$ 1,797
13 CPUC Staff and Administrative Costs ⁶	\$ 595	\$ 594	\$ 594
14 Total Program Expenses	\$ 434,583	\$ 435,979	\$ 435,979

Notes

1 Claim payments for FY 2007-08 are based on claim projections submitted by carriers in May 2006.

2 Based on estimated lockbox and other banking fees.

3 Based on estimated costs for SQL programming and maintaining the electronic filing and monitoring system.

4 Pursuant to D. 02-04-059, per diem and other costs are authorized for committee member attendance in the CHCF-B AC meeting.

It is assumed that there will be 4 meetings of the CHCF-B AC during FY 2007-08.

5 Based on estimate of pro-rata costs allocated to state service agencies, e. g. DGS, State Personnel Board, etc.

6 Based on personnel staff allocation estimate and program priorities for the five public purpose programs.